

Bill Takes Aim at Duties

Affordable Footwear Act of 2007 focuses on lower-priced footwear and children's shoes.

By KRISTI ELLIS

WASHINGTON — The footwear industry made strides last week with a bipartisan group of House lawmakers introducing a bill that would eliminate some \$830 million in duties across several categories of footwear imports.

Reps. Joseph Crowley (D., N.Y.), Kevin Brady (R., Texas) and Nancy Boyda (D., Kansas) unveiled the Affordable Footwear Act of 2007 last Wednesday at a press conference on Capitol Hill. The bill would eliminate roughly 45 percent of all footwear duties collected by the U.S. government, with a focus on certain lower-priced footwear and children's shoes. The footwear industry, along with the bill's sponsors, are arguing that the duties are essentially a regressive tax hurting low-to middle-income families.

"Once enacted, this commonsense, uncontroversial reform of an outdated duty system will stop this unfair practice that costs families up to \$5 billion annually," Crowley said.

Payless ShoeSource, Stride Rite, Wal-Mart, Nike and Columbia Sportswear are among the dozens of companies pushing for the elimination of the import duties.

Collectively, the industry pays about

\$1.9 billion in duties on imports to the U.S. Treasury annually, which is seen as an unnecessary trade barrier and prohibitive cost that companies must pass on to consumers. The industry has chosen to take the legislative route because a global round of trade talks aimed at reducing or eliminating footwear duties has faltered, and many free trade agreements that eliminate duties are not with large footwear supplier countries.

The three biggest trade associations, American Apparel & Footwear Association, Footwear Distributors and Retailers of America and National Retail Federation, have joined forces to lobby members of Congress on Capitol Hill.

"These duties have been here too long, and they serve no purpose," said Kevin Burke, president and CEO of AAFA.

Higher footwear duties originated in the 1930s to protect American manufacturers, but the majority of those companies have moved production offshore in the last



AAFA's Kevin Burke, flanked by members of the U.S. House of Representatives.

20 years. Crowley also stressed that the removal of the import duties would "in no way harm the remaining domestic footwear manufacturers in the U.S." because the bill excludes footwear categories made domestically.

"It's crystal clear these duties have long lost any relevance in the marketplace," said Peter Mangione, president of FDRA. "There are duties as high as 67 percent on some of

these shoes, which I would call the Mount Everest of tariff peaks, and it's high time this legislation moved forward."

The coalition took a big step with the House bill, but it has a long way to go through the legislative process and some issues, such as how the revenue loss to Treasury will be offset, are still being worked out. The group must also find sponsors for the bill in the Senate. From there, the legislation must make its way through the relevant committees, move to the floor for a vote in both the House and Senate and ultimately be signed by the President.